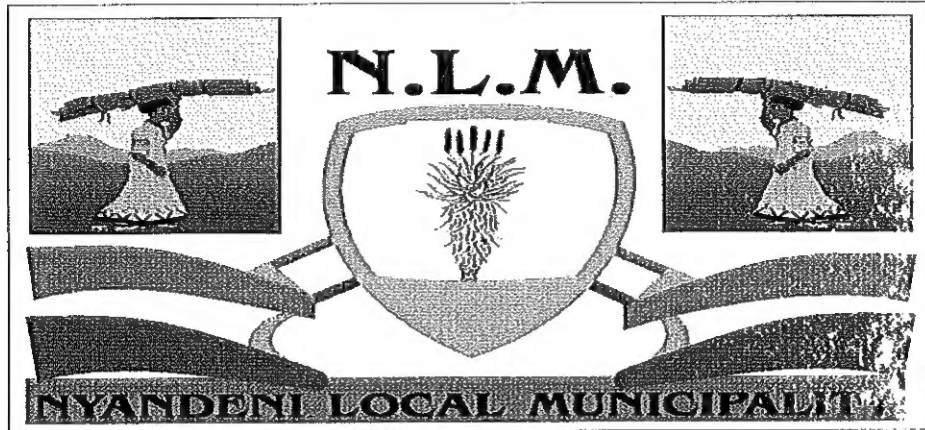


NYANDENI LOCAL MUNICIPALITY



Draft Annual Budget

3 Year Plan: 2015/16 to 2018

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2. MAYOR'S REPORT

Section 153 of the Constitution of the Republic of South Africa, 1996, prescribe that a municipality must (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and (b) participate in national and provincial development programmes

To give effect to the above constitutional provisions, section 34 of the Local Government: Municipal Systems Act, 2000, prescribe that a municipal council must review its integrated development plan (i) annually in accordance with an assessment of its performance measurements in terms of section 41 and (ii) to the extent that changing circumstances so demand.

The IDP Review for 2015/16 has taken into account the national and provincial planning imperatives unpacked below

BACK TO BASICS LOCAL GOVERNMENT STRATEGY

Back to Basics Local Government Strategy which has identified the following pillars

- *Putting people first*
- *Delivering basic services*
- *Good governance*
- *Sound financial management and*
- *Building capacity*

Concerted efforts has been made to incorporate these pillars into integrated Development Strategy in this regard will call upon all stakeholders to work with the municipality in achieving the objectives of the strategy.

In 2014, on the occasion of the State of the Province Address the Honourable Premier P Masualle announced seven Provincial Medium Term Strategic Framework Priorities, and these are

- Priority 1:** Promoting quality education and skills development
- Priority 2:** Better health care for all
- Priority 3:** Stimulating rural development, land reform and food security
- Priority 4:** Transforming the economy to create jobs and sustainability livelihoods
- Priority 5:** Intensifying the fight against crime and corruption
- Priority 6:** Integrated human settlement and building cohesive communities
- Priority 7:** Strengthening the developmental state and good governance

In line with the above developmental trajectory the municipality has identified and adopted the following key programmes for 2015/2016 financial year

1. On Good Governance and Public Participation

- Strengthening Public Participation through our signature programme of civil education and support to ward committees
- Conduct Community Satisfaction Surveys
- Improve Complaints management system
- Development of Nyandeni Development Plan (2030 Vision) taking tune from the Provincial Development Plan
- Improving Communication
- Strengthening Intergovernmental Relations
- Support to Ematholeni: Children First programme (ECD)
- Development of Good Governance Framework

2. On Financial Viability and Management

- Improving Revenue management
- Credit Control
- Implementation of the Audit Action Plan and preparation for 2014/2015
- Strengthening Supply Chain Management systems and processes
- Expenditure management
- Asset management

3. On Basic Service Delivery and Infrastructure

- Electrification programme
- Accelerating delivery of Access roads and maintenance of the existing road network
- Storm water management
- Integrated waste management
- Transport Planning and Public Safety
- Environmental Management and compliance

4. On Local Economic Development

- Support to small scale farming
- Massive crop production programme through ILIMA LABANTU Initiative
- Local Tourism development and promotion
- Support to SMME's and Cooperatives
- Development of Local SDF's and land use management

5. On Institutional Development and Transformation

- Development of new Policies and reviewal of existing policies
- Development of Bylaws
- Organisational Structure review
- Employment Equity Plan
- Expansion of existing Offices in Ngqeleni
- Filling of budget vacant posts
- Employee wellness programmes
- Office support and Facilities Management
- Improving ICT management and systems

Medium Term Strategic Service Delivery objectives

This section reflect the service delivery highlights for 2014/2015

1. To Improve Municipal Planning and policy development

- IDP, budget and SDBIP for 2014/2015 were compiled and Adopted by Council on time and in accordance with the norms and standards as prescribed by National Treasury
- Financial policies have been reviewed and adopted by council
- Received unqualified audit opinion for 2013/2014 financial year

2. To ensure a tool for measuring achievement of pre-determined objectives

- Mid-year performance assessment report compiled and adopted by Council
 - MSA s46 report compiled and approved by Council
 - Annual report for 2013/14 tabled to Council and Oversight report approved by council on 23 February 2015
3. **Internal auditing and internal control**
- A detailed Audit Plan developed and is being implemented
 - Audit and Performance Management Committee is in place
4. **To ensure good governance and public participation**
- All wards committees have been established and are participating in municipal development programmes
 - IDP and Budget Public Hearings were conducted
 - Fraud Prevention Policy has been developed
 - Risk Management Framework, Register and policy developed
 - Civil Education Programme conducted
5. **To improve livelihood in urban and rural areas through infrastructure development and maintenance**
- Continuous Streets lights have been maintained in both towns of Libode and Ngqeleni
 - The municipality has achieved the annual target of constructing and maintaining 206.7 km.
 - Roads forum is in place and functional
 - Integrated Waste Management Plan (IMWP) have been developed and adopted by Council
 - Permit application for Landfill site has been approved
 - Maintenance and construction of access road done
 - Implemented electrification programme in collaboration with the Department of Energy
 - Construction of Transport Hub in progress
 - Construction of Community Stadium in ward 7 in progress
 - SANRAL is responsible for construction, upgrading and maintenance of National and Provincial Roads

3 BUDGET RELATED RESOLUTIONS

Draft Annual Budget for 2015/16

3.1 Council resolves that the multi-year draft annual budget of capital and operating expenditure for 2015/2016 and the indicated two outer years of 2016/2017 and 2017/2018 which will be tabled for public scrutiny and inputs be approved as set out by the following amended tables:

- ☐ Table A1 Budget summary
- ☐ Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)
- ☐ Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)
- ☐ Table A4 : Budget financial performance (revenue and expenditure)
- ☐ Table A5 : Budgeted capital expenditure by vote and funding
- ☐ Table A6 : Budgeted financial position
- ☐ Table A7 : Budgeted cash flows
- ☐ Table A8 : Cash backed reserves / accumulate surplus reconciliation
- ☐ Table A9 : Asset management

Multi Year Capital Budget

3.2 Council resolves that multi-year capital appropriations by vote and associated funding reflected in Table A5 be approved.

Property Rates and other Municipal Tax

3.3. That, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2015 to 30 June 2016, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

3.4 Council resolves that the following tariffs and charges be applied.

| <u>1.HALL HIRE CHARGES</u> | <u>2014/2015 AT 5.9 CPIX</u> | <u>2015/2016 at 6%</u> | <u>2016/2017</u> | <u>2017/2018</u> |
|---|---|-----------------------------------|-------------------------|-------------------------|
| Meeting, workshop, conference | R169.00 | R177.00 | R188.00 | R199.00 |
| Memorial & Religious services | R284.00 | R301.00 | R319.00 | R338.00 |
| Concerts, Contests & shows | R567.00 | R601.00 | R637.00 | R675.00 |
| Wedding, Parties | R708.00 | R750.00 | R796.00 | R843.00 |
| Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer | R426.00 | R452.00 | R479.00 | R508.00 |
| <u>2. SECURITY FEES</u> | | | | |
| Memorial, religious services | R 284.00 | R301.00 | R319.00 | R338.00 |
| Concerts, contests & shows (day/night) | R 849.00 | R900.00 | R954.00 | R1 011.00 |
| Parties, discos | R1 417.00 | R1 502.00 | R1 592.00 | R1 689.00 |
| Weddings | R 991.00 | R1 050.00 | R1 113.00 | R1 180.00 |
| Gospel concerts, shows (day/night) | R 284.00 | R301.00 | R319.00 | R338.00 |
| <u>3. WOODSALE</u> | | | | |
| Head load | R14.00 | R15.00 | R16.00 | R17.00 |
| Bakkie | R212.00 | R225.00 | R238.00 | R252.00 |
| Truck | R426.00 | R452.00 | R479.00 | R507.00 |
| Lantjies | R7.00 | R7.40 | R7.90 | R8.00 |
| Lantjies | R13.00 | R14.00 | R15.00 | R15.00 |
| Poles | R5.00 | R5.30 | R5.60 | R6.00 |
| Tree | R21.00 | R22.00 | R24.00 | R25.00 |
| <u>4. POUND FEES</u> | | | | |
| Entrance fee | R70.00 | R74.00 | R79.00 | R83.00 |
| Driving fee | R57.00 | R60.00 | R64.00 | R68.00 |
| Day charges | R28.00 | R30.00 | R31.00 | R33.00 |
| Outgoing fees | R70.00 | R74.00 | R79.00 | R83.00 |
| Cattle, horse | R57.00 | R60.00 | R64.00 | R68.00 |
| Sheep & Goat | R29.00 | R31.00 | R33.00 | R35.00 |
| <u>5. REFUSE REMOVAL</u> | | | | |
| Households | R25.00 | R27.00 | R28.00 | R30.00 |
| Businesses: General | R142.00 | R151.00 | R160.00 | R169.00 |
| : Big Retailers | R374.00 | R396.00 | R420.00 | R445.00 |
| Government: Category 1 | R142.00 | R151.00 | R160.00 | R169.00 |
| :Category2 | 2722.00 | R2885.00 | R3 058.00 | R3 242.00 |
| Churches | R25.00 | R26.50 | R28.00 | R30.00 |
| <u>6. CEMETERY</u> | | | | |
| Living in town | R294.00 | R312.00 | R330.00 | R350.00 |
| Outside town | R413.00 | R438.00 | R464.00 | R492.00 |
| <u>7. TENDER FEES</u> | | | | |
| R50 000.00-R200 000.0 | R212.00 | R225.00 | R238.00 | R252.00 |
| R200 000.00-R500 000.00 | R284.00 | R301.00 | R319.00 | R338.00 |
| R500 000.00-R800 000.00 | R355.00 | R376.00 | R399.00 | R423.00 |
| R800 000.00-R1000 000.00 Or More | R426.00 | R452.00 | R479.00 | R507.00 |
| <u>8. BUSINESS LICENCE</u> | | | | |

| | | | | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Supermarket & General Dealer | R635.00 | R673.00 | R713.00 | R756.00 |
| Hawker | R106.00 | R112.00 | R119.00 | R126.00 |
| Caravan (Restaurant & Telephone) p/y | R106.00 | R112.00 | R119.00 | R126.00 |
| Salon (p/y) | R106.00 | R112.00 | R119.00 | R126.00 |
| Funeral Parlor (p/y) | R635.00 | R673.00 | R713.00 | R756.00 |
| Hardware (p/y) | R582.00 | R617.00 | R654.00 | R693.00 |
| Accommodation establishment | R457.00 | R484.00 | R513.00 | R544.00 |
| 9. MARKET SITE | | | | |
| Hawkers (p/m) | R29.00 | R31.00 | R33.00 | R35.00 |
| Caravan Site(p/m) | R70.00 | R74.00 | R79.00 | R83.00 |
| 10. CHAIR HIRE | | | | |
| Around town (chair per day) | R7.00 | R7.40 | R7.90 | R8.00 |
| Indemnity fee (per chair) | R14.00 | R15.00 | R16.00 | R17.00 |
| 11. TOWN PLANNING TARIFFS | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
| 11.1 Zoning Certificates | R34.00 | R36.00 | R39.00 | R40.00 |
| 11.2 Town Planning scheme document | R318.00 | R337.00 | R357.00 | R379.00 |
| 11.3 Application for special consent | | | | |
| Application fees | R504.00 | R534.00 | R566.00 | R600.30 |
| application form | | | | |
| Rezoning Application | | | | |
| Advertising | Price as quoted by Daily Dispatch | Price as quoted by Daily Dispatch | Price as quoted by Daily Dispatch | Price as quoted by Daily Dispatch |
| 11.4 Application Fees | | | | |
| Erven from 500sqm-1000sqm | R813.00/site | R862/site | R913/site | R968.00/site |
| Erven from 1000sqm-1500sqm | R926/site | R982/site | R1 040/site | R1 103/site |
| Erven from 1500sqm- 2000sqm | R1 038/site | R1 100/site | R1 166/site | R1236/site |
| Erven from 2000sqm and> | R1 149/site | R1 218/site | R1 291/site | R1368/site |
| 11.5 Subdivision and Township Application | | | | |
| Basic Subdivision fee | R701.00 | R743.00 | R788.00 | R835.00 |
| Charges per subdivision | R58.00 | R61.00 | R65.00 | R69.00 |
| (Remainder considered a subdivision) | | | | |
| 11.6 Application for Removal of Restrictive Conditions | | | | |
| Application fee | R1 589.00 | R1684.00 | R1 785.00 | R1893.00 |
| 11.7 Relaxation of Building Line | R225.00 | R239.00 | R253.00 | R268.00 |
| 11.8 Consolidation | R530.00 | R562.00 | R600.00 | R631.00 |
| 11.9 Building Plan Approval | R39.00 | R41.00/sqm | R44.00/sqm | R46.00/sqm |

RATES TARRIF

DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2015-30 JUNE 2016

| <u>CATEGORY</u> | <u>TARRIF</u> |
|------------------------|----------------------|
| Residential Property | 0.0078 |

| | |
|------------------|--------|
| Businesses | 0.0116 |
| Government1 | 0.0116 |
| government2 | 0.0116 |
| Agriculture1 | 0.0101 |
| Agriculture2 | 0.0101 |
| Institutions | 0.0116 |
| Clinics | 0.0116 |
| Hospital | 0.0116 |
| Schools | 0.0116 |
| Trading Stations | 0.0116 |
| R 61 Road | 0.0019 |
| N2 Road | 0.0019 |

Category2

| | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 |
|---|-----------------------|---------------------------|---------------------------|-------------------------|
| Refuse Removal | R142.00 | R150.50 | R160.00 | R169.00 |
| Bags (1000*R0,80) | (1000*.95) R953.00 | (1000*R1,01) R1 010.00 | (1000*R1,07) R1 070.00 | (1000*R1,13) R1 130 |
| Mileage (24km*2days*4weeks in month) R1 627 | R1 627.00 | R1 725.00 | R1 828.00 | R1 938.00 |
| | <u>R2 722</u> | <u>R2 885.50</u> | <u>R3 058.00</u> | <u>R3 237.00</u> |
| | | | | |
| | | | | |
| | | | | |

NOTES

- Property rates –no change in tariffs
- Other tariffs – 6% increase based on CPIX across the board will be a fair percentage so as to be close to the tariffs levied by other rural municipalities.
- On Refuse Removal -6% increase.
- General business is classified as your small micro medium enterprises (SMME'S).
- -Big Retailers are classified as those bigger than general business, e.g:- Superspar, U-Save, Build it etc.
- -Category1 for government Offices and other government institutions.
- -Category2 will be your Hospitals.

Measurable Performance Objectives

3.5 Council resolves that the measurable performance objectives for revenue from each source and for each vote reflect the budget.

Integrated Development Plan

3.6 Council resolves to approve the implementation of the Integrated Development Plan.

Budget Related Policies

3.7 Council resolves that the following draft budget related policies be approved

- ☐ Supply Chain Management
- ☐ Credit Control and Debt Collection
- ☐ Budget Policy
- ☐ Bad debts write off
- ☐ Rates policy
- ☐ Tariff policy
- ☐ Banking and investment policy

Cashflow

3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Equitable share, Integrated National Electrification Programme, (Municipal) Grant, Expanded Public Works Programme Incentive Grant, Municipal Infrastructure Grant.

4 THE BUDGET

This section contains an Executive Summary of the draft annual budget, highlighting the processes and assumptions which lead to the compilation of the draft annual budget.

4.1 Executive Summary

Overview

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 16 (1) and (2) of the Municipal Finance Management Act no 56 of 2003:

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for the municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

- “(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget –
 - (a) must be approved before the start of the budget year;

- (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
- (c) must be approved together with the adoption of resolutions as may be necessary –
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies."

The application of sound financial management principles for the compilation of the NLM's financial plan is essential and critical to ensure that the NLM remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities

The NLM's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 draft annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

National Treasury's MFMA Circular No. 66, 67, 70, 72, 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2015/16 MTREF

| R thousand | Adjustment Budget 2014/15 | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
|-----------------------------|---------------------------------|------------------------|---------------------------|------------------------------|
| Total Operating Revenue | 276 911 000 | 323 975 000 | 322 576 000 | 322 141 000 |
| Total Operating Expenditure | 247 906 000 | 292 347 000 | 314 060 000 | 329 257 000 |

| | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Surplus / (deficit) for the year | (38 097 000) | (50 593 000) | (65 174 000) | (78 659 000) |
| Total Capital Expenditure | 67 102 000 | 82 221 000 | 73 690 000 | 71 543 000 |

Total operating revenue has grown by 17 per cent or R47, 5 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 3% or R1,4 million, and decreased by 0.31% or R435 000.

Total operating expenditure for the 2015/16 financial year has been appropriated at R292 347 000 million and translates into a deficit where total expenditure exceeds the total revenue. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown by an amount of R44 441 000 which is 18 per cent, and in 2016/17 by 7 per cent (R21,7 million), and in 2017/18 by 4.8 per cent (R15,2 million) for each of the respective outer years of the MTREF. The municipality has a deficit of R50 593 000 for 2015/16, R65 174 000 for 2016/17, and R78 659 000 for 2017/18. This is due to the depreciation that has been budgeted for 2015/16 until 2017/18. Depreciation is a non-cash item but the municipality still needs to show it its budget.

The capital budget of R82 221 000 for 2014/15 has increased by an amount of R15 119 000 which is 23% as compared to previous year. The increase is due to the funding that has been sourced from the equitable share to fund the capital expenditures. For the two outer years, capital expenditure has decreased by R8 531 000 and R2147 000 which is 10 per cent and 7,3 per cent. A substantial portion of the capital budget is currently funded from the conditional grants over the MTERF.

4.2 OPERATING REVENUE FRAMEWORK

The NLM will be implementing its revenue enhancement strategy which is built around the following key components

- National Treasury's guidelines and macroeconomic policy;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the NLM.
- Implementation of its Credit Control and Debt Collection policy and by-laws

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):
Table 2 Summary of revenue classified by main revenue source

Budgeted Financial Performance (revenue)

| Description | Ref | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|--|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | |
| Revenue By Source | 1 | | | | | | | | | | | |
| Property rates | 2 | 4 356 | 4 692 | 5 259 | 5 005 | 5 005 | 5 005 | 5 005 | 5 317 | 5 637 | 5 980 | |
| Property rates - penalties & collection charges | | | | | | | | | | | | |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - | |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - | |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - | |
| Service charges - refuse revenue | 2 | 159 | 168 | 178 | 200 | 200 | 200 | 200 | 212 | 225 | 238 | |
| Service charges - other | | | | | | | | | | | | |
| Rental of facilities and equipment | | 102 | 137 | 144 | 165 | 165 | 165 | 165 | 175 | 185 | 197 | |
| Interest earned - external investments | | 2 552 | 2 850 | 4 743 | 5 000 | 5 000 | 5 000 | 5 000 | 5 300 | 5 618 | 5 955 | |
| Interest earned - outstanding debtors | | | | | | | | | | | | |
| Dividends received | | | | | | | | | | | | |
| Fines | | 602 | 277 | 59 | 50 | 50 | 50 | 50 | 53 | 56 | 60 | |
| Licences and permits | | 1 647 | 1 696 | 3 252 | 6 500 | 6 500 | 6 500 | 6 500 | 6 890 | 7 303 | 7 742 | |
| Agency services | | | | | | | | | | | | |
| Transfers recognised - operational | | 122 525 | 131 018 | 157 576 | 173 502 | 183 230 | 183 230 | 183 230 | 245 817 | 240 878 | 235 626 | |
| Other revenue | 2 | 1 096 | 5 928 | 1 451 | 16 125 | 20 438 | 20 438 | 20 438 | 1 402 | 1 541 | 1 732 | |
| Gains on disposal of PPE | | | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 133 038 | 146 766 | 172 663 | 206 547 | 220 597 | 220 587 | 220 587 | 265 166 | 261 444 | 257 529 | |

TABLE 3 Percentage growth in revenue by main revenue source

| Description | Ref | Current Year 2014-15 | | 2015/16 Medium Term Revenue & Expenditure Framework | | | |
|--|----------|----------------------|-----------------------|---|-----------------------|------------------------|-----------------------|
| | | Adjusted Budget | Increase/(decrease %) | Budget Year 2015/16 | Increase/(decrease %) | Budget Year +1 2016/17 | Increase/(decrease %) |
| R thousand | 1 | | | | | | |
| <u>Revenue By Source</u> | | | | | | | |
| Property rates | 2 | 5 005 | | 5 317 | 6% | 5 637 | 6% |
| Property rates - penalties & collection charges | | | | | | | |
| Service charges - electricity revenue | 2 | - | | - | | - | 0% |
| Service charges - water revenue | 2 | - | | - | | - | 0% |
| Service charges - sanitation revenue | 2 | - | | - | | - | 0% |
| Service charges - refuse revenue | 2 | 200 | | 212 | 6% | 225 | 6% |
| Service charges - other | | | | | | | |
| Rental of facilities and equipment | | 165 | | 175 | 6% | 185 | 6% |
| Interest earned - external investments | | 5 000 | | 5 300 | 6% | 5 618 | 6% |
| Interest earned - outstanding debtors | | | | | | | |
| Dividends received | | 50 | | 53 | 6% | 56 | 6% |
| Fines | | 6 500 | | 6 890 | 6% | 7 303 | 6% |
| Licences and permits | | | | | | | |
| Agency services | | | | | | | |
| Transfers recognised - operational | | 183 230 | | 245 817 | 34% | 240 878 | -2% |
| Other revenue | 2 | 20 438 | | 1 402 | -93% | 1 541 | 10% |
| Gains on disposal of PPE | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 220 587 | | 265 156 | | 261 444 | |
| | | | | | | 257 529 | |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms 2 per cent of the revenue basket for the NLM. In the 2015/16 financial year, revenue from rates and taxes totalled R5 317 000 million or 2 per cent, and the figure exclude the revenue forgone.

In 2016/17 it shows an amount of R6 million, and in 2017/18 year show an amount of R5, 9 million. The revenue generated from rates and taxes has increased by 6 per cent in 2015/16, and consistently increased by 6 per cent for the two outer years. The above mentioned rates and taxes revenue for the 2015/16 -18 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue forgone for each shows an amount of R1 010 000, R1 070 000 and R1 130 000. Revenue forgone shows a constant percentage of 6% each year

Upon implementing the Municipal Property Rates Act, the municipality has a Tariff Policy. The tariff policy has considered the rebates for some of customers that may be regarded as indigent.

EC166 Nyandeni - Supporting Table SA18 Transfers and grant receipts

| Description | Ref | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | | |
| RECEIPTS | 1,2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government | | 124 165 | 128 879 | 163 604 | 173 202 | 182 930 | 182 930 | 245 493 | 240 541 | 235 289 |
| Local Government Equitable Share | | 111 925 | 121 617 | 149 664 | 163 455 | 169 456 | 169 456 | 216 700 | 217 959 | 212 636 |
| Finance Management | | 1 450 | 1 600 | 1 650 | 1 600 | 1 781 | 1 781 | 1 600 | 1 625 | 1 700 |
| Municipal Systems Improvement | | 750 | 800 | 650 | 934 | 934 | 934 | 930 | 957 | 1 033 |
| Integrated National Electrification Programme | | 10 000 | 3 800 | 19 000 | - | 9 637 | 9 637 | 26 000 | 20 000 | 20 000 |
| EPWP Incentive | | | 1 462 | 1 600 | 1 172 | 1 172 | 1 172 | 1 219 | | |
| Provincial Government: | | | | | | | | | | |
| Sport and Recreation | | 193 | 300 | 300 | 300 | 360 | 300 | 318 | 337 | 357 |
| | | | 300 | 300 | 300 | 300 | 300 | 318 | 337 | 357 |
| Mergara ECO-Tourism Development Project/EU | | 193 | | | | | | | | |
| District Municipality: | | | | | | | | | | |
| [insert description] | | | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| [insert description] | | | | | | | | | | |
| Total Operating Transfers and Grants | 5 | 124 364 | 129 179 | 163 304 | 173 502 | 183 230 | 183 230 | 245 617 | 240 678 | 235 626 |
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | 38 660 | 39 753 | 48 566 | 60 324 | 56 324 | 56 324 | 58 609 | 61 132 | 64 612 |
| Municipal Infrastructure Grant (MIG) | | 38 660 | 39 753 | 48 566 | 60 324 | 56 324 | 56 324 | 58 609 | 61 132 | 64 612 |
| Integrated National Electrification Programme | | | | | 4 600 | - | - | | | |
| Provincial Government: | | | | | | | | | | |
| Other capital transfers/grants [insert description] | | | | | | | | | | |
| District Municipality: | | | | | | | | | | |
| [insert description] | | | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| [insert description] | | | | | | | | | | |
| Total Capital Transfers and Grants | 5 | 38 660 | 39 753 | 48 566 | 60 324 | 56 324 | 56 324 | 58 609 | 61 132 | 64 612 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | | 163 024 | 168 932 | 211 870 | 233 826 | 239 554 | 239 554 | 304 226 | 302 010 | 300 238 |

In 2015/16 financial year, the operational grants show an increase of R62 587 000 which is 32%. For the two outer years, the operational grants have decreased by R4 939 000 and R5 252 000 which 2% consistently

Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year

RATES TARRIF

DETERMINATION OF TARIF AS PER CATERGORY AS FROM 1 JULY 2015-30 JUNE 2016

| CATERGORY | TARRIF |
|----------------------|---------------|
| Residential Property | 0.0078 |
| Businesses | 0.0116 |
| Government1 | 0.0116 |
| government2 | 0.0116 |
| Agriculture1 | 0.0101 |
| Agriculture2 | 0.0101 |
| Institutions | 0.0116 |
| Clinics | 0.0116 |
| Hospital | 0.0116 |
| Schools | 0.0116 |
| Trading Stations | 0.0116 |
| R 61 Road | 0.0019 |
| N2 Road | 0.0019 |

Category2

| | 2014/2015 | 2015/2016 | 2016/2017 | 2018/2019 |
|---|-----------------------|---------------------------|---------------------------|-------------------------|
| Refuse Removal | R142.00 | R150.50 | R160.00 | R169.00 |
| Bags (1000*R0,80) | (1000*.95) R953.00 | (1000*R1,01) R1 010.00 | (1000*R1,07) R1 070.00 | (1000*R1,13) R1 130 |
| Mileage (24km*2days*4weeks in month) R1 627 | R1 627.00 | R1 725.00 | R1 828.00 | R1 938.00 |
| | <u>R2 722</u> | <u>R2 885.50</u> | <u>R3 058.00</u> | <u>R3 237.00</u> |
| | | | | |
| | | | | |
| | | | | |

There is no change on the tariffs for rates and taxes. Upon checking the collection rate within the institution, the tariffs have not been increased.

On refuse removal, there is a small increase of 6% on the proposed tariffs. Where the municipality is supplying the customers with the refuse bags, the tariff has increased to R1 010 rands.

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

| Description R thousands | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Employee costs | 55 187 | 60 559 | 79 529 | 80 928 | 80 928 | 80 928 | 80 928 | 86 463 | 91 781 | 97 150 |
| Remuneration of councillors | 12 333 | 15 062 | 15 983 | 16 174 | 16 174 | 16 174 | 16 174 | 17 144 | 18 173 | 19 263 |
| Depreciation & asset impairment | 31 100 | 31 291 | 30 481 | 34 598 | 34 598 | 34 598 | 34 598 | 46 925 | 61 289 | 74 557 |
| Finance charges | 100 | 281 | 140 | 105 | 105 | 105 | 105 | 110 | 117 | 124 |
| Materials and bulk purchases | 10 627 | 6 685 | 4 463 | 16 846 | 20 346 | 20 346 | 20 346 | 28 774 | 30 472 | 26 206 |
| Transfers and grants | - | - | - | 3 720 | 3 720 | 3 720 | 3 720 | 5 000 | 6 000 | 5 032 |
| Other expenditure | 43 416 | 57 107 | 79 741 | 66 495 | 159 137 | 159 137 | 159 137 | 191 161 | 180 988 | 176 364 |
| Total Expenditure | 152 763 | 170 985 | 210 336 | 218 866 | 315 008 | 315 008 | 315 008 | 375 579 | 388 820 | 398 697 |

Employee Related Costs

The municipality has taken into consideration the multi year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 although it has come to an end. For the outer years the inflation rate based on the CPI for 2016 has been considered.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the NLM's budget.

The overall amount of the Salaries and Wages is R103,6 million which is 6.85%, and for two outer years, its R109,9 million (6.15%) and R116,4 million (5.85%).

Depreciation, asset and debtors impairment:

Depreciation and debtors impairment has been provided for at R46,9 million in 2015/16, R61,2 million in 2016/17 and R74,5 million in 2017/18.

Other Expenditures:

The other expenditure include R4000 000 for the audit fees, and a part of capital expenditures worth R82 221 000. The general expenditure is worth R100 863

Materials and Other Bulk Purchases:

This includes the repairs and maintenance. The amount for 2015/16 budget year is R28,7 million. For the two outer years it has increased by 6% and decreased by 14% each year.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2015/16 financial year.

PERCENTAGE ALLOCATION FOR 2014/2015 FINANCIAL YEAR.

| EXPENDITURE ITEM | EXPENDITURE PERCENTAGE % |
|-------------------------|--------------------------|
| Personnel expenditure | 43 % |
| General expenditure | 45 % |
| Repairs and Maintenance | 12% |
| | |
| TOTAL % | 100 % |

4.4 CAPITAL EXPENDITURE

| Vote Description | | Ref | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | | | |
|---|--|-----|-------------------------------|-------------------------------|-------------------------------|--------------------|---|-----------------------|----------------------|---------------------------|------------------------------|------------------------------|
| R thousand | | 1 | 2011/12 Audited Outcome | 2012/13 Audited Outcome | 2013/14 Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <u>Capital expenditure - Vote</u> | | 2 | | | | | | | | | | |
| <u>Single-year expenditure to be appropriated</u> | | | | | | | | | | | | |
| Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION | | | - | 515 | - | - | - | - | - | 1 300 | - | - |
| Vote 2 - BUDGET & TREASURY | | | 956 | 531 | 2 481 | 3 600 | 3 600 | 3 600 | 3 600 | 500 | 530 | 559 |
| Vote 3 - CORPORATE SERVICES | | | 1 083 | 1 501 | 2 739 | 7 895 | 7 895 | 7 895 | 895 | 4 356 | 1 442 | 523 |
| Vote 4 - COMMUNITY & SOCIAL SERVICES | | | - | - | - | 685 | 685 | 685 | 685 | 3 641 | 461 | 263 |
| Vote 5 - PLANNING AND DEVELOPMENT | | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - INFRASTRUCTURE | | | 36 506 | 12 241 | 60 439 | 73 922 | 54 922 | 54 922 | 54 922 | 72 424 | 71 257 | 69 198 |
| Total Capital Expenditure - Vote | | | 38 545 | 14 789 | 65 660 | 86 102 | 67 102 | 67 102 | 67 102 | 82 221 | 73 690 | 71 543 |

When comparing the previous budget of R67,1 million, there is an increase of R15,1 million which is 23%. In a total budget of R82,2 million for the budget year 2015/16, an amount of R56 million is allocated to the construction of the access roads. For the two outer years there is a decrease of 10%, and 7.3% each year.

When comparing each vote from previous year budget, there is a decrease in most of the votes except for the Infrastructure. This is due to the proposed construction of the Workshop for the Yellow Plant machinery in the Infrastructure Vote

4.5 ANNUAL BUDGET TABLES

4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcomes | Budget Year 2015/16 | Budget Year 11 2016/17 | Budget Year 12 2017/18 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 4 356 | 4 692 | 6 269 | 5 005 | 5 005 | 5 005 | 6 005 | 5 317 | 5 637 | 5 660 |
| Service charges | 159 | 163 | 178 | 200 | 200 | 200 | 200 | 212 | 225 | 238 |
| Investment revenue | 2 562 | 2 850 | 4 743 | 5 000 | 5 000 | 5 000 | 6 000 | 5 300 | 5 618 | 5 956 |
| Transfers recognised - operational | 122 525 | 131 018 | 157 576 | 173 592 | 183 230 | 183 230 | 183 230 | 245 817 | 249 878 | 235 826 |
| Other own revenue | 3 447 | 8 033 | 4 508 | 22 840 | 27 163 | 27 163 | 27 163 | 8 620 | 9 635 | 9 737 |
| Total Revenue (excluding capital transfers and contributions) | 133 038 | 145 755 | 172 663 | 205 547 | 220 697 | 220 697 | 220 597 | 265 166 | 261 444 | 257 629 |
| Employee costs | 65 187 | 63 559 | 79 629 | 80 928 | 80 928 | 80 928 | 80 928 | 56 453 | 91 731 | 97 150 |
| Remuneration of councillors | 12 333 | 16 052 | 15 683 | 16 174 | 16 174 | 16 174 | 16 174 | 17 144 | 18 173 | 19 263 |
| Depreciation & asset impairment | 31 100 | 31 291 | 30 481 | 34 693 | 34 563 | 34 563 | 34 563 | 48 925 | 61 259 | 74 557 |
| Finance charges | 100 | 231 | 160 | 105 | 105 | 105 | 105 | 110 | 117 | 124 |
| Materials and bulk purchases | 10 627 | 6 685 | 4 463 | 18 845 | 20 346 | 20 346 | 20 346 | 28 774 | 30 472 | 26 206 |
| Transfers and grants | — | — | — | 3 720 | 3 720 | 3 720 | 3 720 | 6 000 | 6 000 | 6 032 |
| Other expenditure | 43 416 | 57 107 | 79 741 | 86 425 | 169 137 | 159 137 | 159 137 | 150 150 | 179 918 | 178 458 |
| Total Expenditure | 162 763 | 170 935 | 210 339 | 218 826 | 315 668 | 316 033 | 316 068 | 374 568 | 387 750 | 400 609 |
| Surplus/(Deficit) | (19 725) | (24 220) | (37 674) | (12 319) | (84 421) | (84 421) | (84 421) | (109 402) | (126 306) | (143 271) |
| Transfers recognised - capital | 38 660 | 39 753 | 48 566 | 63 324 | 58 324 | 55 324 | 55 324 | 58 839 | 81 132 | 64 612 |
| Contributions recognised - capital & contributed assets | — | — | — | — | — | — | — | — | — | — |
| Surplus/(Deficit) after capital transfers & contributions | 18 935 | 15 533 | 10 892 | 49 005 | (39 097) | (33 097) | (33 097) | (50 563) | (65 174) | (78 659) |
| Share of surplus/(deficit) of associate | — | — | — | — | — | — | — | — | — | — |
| Surplus/(Deficit) for the year | 18 935 | 15 533 | 10 892 | 49 005 | (39 097) | (33 097) | (33 097) | (50 563) | (65 174) | (78 659) |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 38 545 | 14 789 | 65 660 | 85 102 | 87 102 | 87 102 | 87 102 | 82 221 | 73 690 | 71 543 |
| Transfers recognised - capital | 38 545 | 14 789 | 65 660 | 85 102 | 87 102 | 87 102 | 87 102 | 82 221 | 73 690 | 71 543 |
| Public contributions & donations | — | — | — | — | — | — | — | — | — | — |
| Borrowing | — | — | — | — | — | — | — | — | — | — |
| Internally generated funds | — | — | — | — | — | — | — | — | — | — |
| Total sources of capital funds | 38 545 | 14 789 | 65 660 | 85 102 | 87 102 | 87 102 | 87 102 | 82 221 | 73 690 | 71 543 |
| Financial position | | | | | | | | | | |
| Total current assets | 72 087 | 86 245 | 62 622 | 79 337 | 79 307 | 79 337 | 79 307 | 65 261 | 84 343 | 83 558 |
| Total non current assets | 291 169 | 339 354 | 323 568 | 316 819 | 316 819 | 316 819 | 316 819 | 362 450 | 376 079 | 371 627 |
| Total current liabilities | 17 563 | 19 452 | 20 928 | 8 000 | 8 000 | 8 000 | 8 000 | 9 284 | 8 743 | 8 238 |
| Total non current liabilities | 477 | 3 672 | 3 614 | 1 356 | 1 356 | 1 356 | 1 356 | 1 835 | 1 765 | 1 683 |
| Community wealth/Equity | 344 845 | 371 475 | 362 567 | 419 845 | 366 760 | 338 760 | 388 760 | 436 531 | 449 571 | 445 091 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 55 399 | 60 645 | 48 050 | 85 450 | 65 450 | 85 450 | 85 450 | 82 221 | 73 690 | 71 543 |
| Net cash from (used) investing | (51 542) | (14 421) | (68 728) | (85 102) | (87 102) | (87 102) | (87 102) | (82 221) | (73 690) | (71 513) |
| Net cash from (used) financing | 85 | 4 329 | 1 431 | — | — | — | — | — | — | — |
| Cash/cash equivalents at the year end | 9 437 | 82 637 | 76 440 | 13 029 | 32 029 | 32 029 | 32 029 | 76 440 | 76 440 | 76 440 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 60 492 | 82 687 | 76 440 | 72 826 | 72 826 | 72 826 | 72 826 | 76 440 | 78 437 | 81 552 |
| Application of cash and investments | (5 754) | 12 284 | 1 562 | 1 670 | 2 513 | 2 613 | 2 613 | (377) | 2 639 | 6 553 |
| Balance - surplus (shortfall) | 64 246 | 70 423 | 73 478 | 71 156 | 70 313 | 70 313 | 70 313 | 76 817 | 76 438 | 74 928 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDP) | 291 169 | 339 354 | 323 568 | 379 432 | 360 462 | 363 432 | 362 450 | 362 450 | 376 079 | 371 627 |
| Depreciation & asset impairment | 31 100 | 31 291 | 30 481 | 34 693 | 34 563 | 34 563 | 43 925 | 48 925 | 61 259 | 74 557 |
| Renewal of Existing Assets | — | — | — | — | — | — | — | — | — | — |
| Repairs and Maintenance | — | — | — | 16 845 | 20 346 | 20 346 | 29 774 | 28 774 | 30 472 | 26 206 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | — | — | — | 3 720 | 3 720 | 3 720 | 3 669 | 3 559 | 4 529 | 3 901 |
| Revenue cost of free services provided | — | — | — | 27 620 | 27 620 | 27 620 | 27 935 | 27 935 | 23 935 | 27 567 |
| Households below minimum service level | | | | | | | | | | |
| Water | — | — | — | — | — | — | — | — | — | — |
| Sanitation/sewerage | — | — | — | — | — | — | — | — | — | — |
| Energy | — | — | — | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Refuse | — | — | — | — | — | — | 1 | 1 | 1 | 1 |

Explanatory Notes

- Table A1 is a budget summary and provides a concise overview of the NLM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

4.5.2 Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)

EC155 Nyandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 2010/11 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|---------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | First Year Forecast | Budget Year 2015/16 | Budget Year 11 2016/17 | Budget Year 12 2017/18 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 122 271 | 137 356 | 155 388 | 183 150 | 183 353 | 183 353 | 231 269 | 233 337 | 228 934 |
| Executive and council | | | | | | | | | | |
| Budget and treasury office | | 122 176 | 137 025 | 154 690 | 182 659 | 182 853 | 182 853 | 230 549 | 232 487 | 227 934 |
| Corporate services | | 95 | 331 | 358 | 500 | 500 | 500 | 750 | 850 | 1 030 |
| <i>Community and public safety</i> | | 2 249 | 2 265 | 3 621 | 6 593 | 7 290 | 7 290 | 7 393 | 7 843 | 8 315 |
| Community and social services | | | 312 | 309 | 449 | 449 | 449 | 469 | 493 | 514 |
| Sport and recreation | | | | | | | | | | |
| Public safety | | 2 249 | 1 973 | 3 311 | 6 650 | 6 850 | 6 850 | 6 943 | 7 350 | 7 801 |
| Housing | | | | | | | | | | |
| Health | | | | | | | | | | |
| <i>Economic and environmental services</i> | | 47 020 | 41 271 | 48 579 | 57 531 | 61 531 | 61 531 | 60 665 | 61 171 | 64 654 |
| Planning and development | | 199 | 55 | 13 | 35 | 35 | 35 | 37 | 39 | 42 |
| Road transport | | 45 821 | 41 215 | 48 566 | 57 496 | 61 496 | 61 496 | 60 028 | 61 132 | 64 612 |
| Environmental protection | | | | | | | | | | |
| <i>Trading services</i> | | 159 | 5 607 | 13 641 | 19 200 | 24 537 | 24 537 | 25 212 | 20 225 | 20 239 |
| Electricity | | | 5 439 | 13 453 | 19 000 | 24 537 | 24 537 | 25 600 | 20 000 | 20 000 |
| Water | | | | | | | | | | |
| Waste water management | | | | | | | | | | |
| Waste management | | 159 | 168 | 178 | 200 | 200 | 200 | 212 | 225 | 235 |
| <i>Other</i> | 4 | | | | | | | | | |
| Total Revenue - Standard | 2 | 171 698 | 186 519 | 221 229 | 268 871 | 276 911 | 276 911 | 323 975 | 322 576 | 322 141 |
| Expenditure - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 152 763 | 170 955 | 210 336 | 150 241 | 150 444 | 150 444 | 171 377 | 188 273 | 207 702 |
| Executive and council | | 12 333 | 15 062 | 15 593 | 54 434 | 54 434 | 54 434 | 61 633 | 64 278 | 67 999 |
| Budget and treasury office | | 85 243 | 95 364 | 114 528 | 87 176 | 87 378 | 87 378 | 81 040 | 97 062 | 112 234 |
| Corporate services | | 65 187 | 60 559 | 79 629 | 28 632 | 28 632 | 28 632 | 28 400 | 28 933 | 27 459 |
| <i>Community and public safety</i> | | | | | 37 654 | 38 154 | 38 154 | 43 390 | 45 475 | 43 129 |
| Community and social services | | | | | 34 622 | 34 622 | 34 622 | 33 825 | 41 453 | 40 770 |
| Sport and recreation | | | | | | | | | | |
| Public safety | | | | | 1 922 | 2 222 | 2 222 | 2 632 | 1 850 | 1 138 |
| Housing | | | | | 1 310 | 1 310 | 1 310 | 2 042 | 2 162 | 1 221 |
| Health | | | | | | | | | | |
| <i>Economic and environmental services</i> | | | | | 98 545 | 100 544 | 100 544 | 131 400 | 132 527 | 128 412 |
| Planning and development | | | | | 12 763 | 12 768 | 12 768 | 15 636 | 15 840 | 16 293 |
| Road transport | | | | | 83 777 | 87 776 | 87 776 | 116 763 | 116 668 | 112 119 |
| Environmental protection | | | | | | | | | | |
| <i>Trading services</i> | | | | | 28 328 | 25 668 | 25 668 | 26 392 | 21 474 | 21 557 |
| Electricity | | | | | 19 600 | 24 637 | 24 637 | 25 000 | 20 000 | 20 000 |
| Water | | | | | | | | | | |
| Waste water management | | | | | | | | | | |
| Waste management | | | | | 1 328 | 1 328 | 1 328 | 3 392 | 1 474 | 1 657 |
| <i>Other</i> | 4 | | | | | | | | | |
| Total Expenditure - Standard | 3 | 152 763 | 170 955 | 210 336 | 304 968 | 315 068 | 315 068 | 374 558 | 387 755 | 409 880 |
| Surplus/(Deficit) for the year | | 18 935 | 15 533 | 10 892 | (36 097) | (38 097) | (38 097) | (50 583) | (65 174) | (78 659) |

Explanatory Notes

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.

4.5 3 Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)

EC165 Nyandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION | | - | - | - | - | - | - | - | - | - |
| Vote 2 - BUDGET & TREASURY | | 122 176 | 137 025 | 151 590 | 182 650 | 182 853 | 182 853 | 230 649 | 232 457 | 227 934 |
| Vote 3 - CORPORATE SERVICES | | 95 | 331 | 393 | 501 | 500 | 500 | 750 | 850 | 1 000 |
| Vote 4 - COMMUNITY & SOCIAL SERVICES | | 2 403 | 2 452 | 3 793 | 7 100 | 7 460 | 7 430 | 7 611 | 8 067 | 8 553 |
| Vote 5 - PLANNING AND DEVELOPMENT | | 159 | 58 | 13 | 35 | 35 | 35 | 37 | 39 | 42 |
| Vote 6 - INFRASTRUCTURE | | 46 821 | 45 653 | 62 029 | 76 493 | 88 033 | 88 033 | 85 028 | 81 122 | 84 612 |
| Vote 7 - [NAME OF VOTE 7] | | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 2 | 171 698 | 186 519 | 221 229 | 265 871 | 276 911 | 276 911 | 323 975 | 322 576 | 322 141 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION | | 12 333 | 15 652 | 15 693 | 54 434 | 54 434 | 54 434 | 61 533 | 64 278 | 67 999 |
| Vote 2 - BUDGET & TREASURY | | 85 243 | 95 384 | 114 621 | 67 175 | 67 378 | 67 378 | 81 040 | 97 082 | 112 234 |
| Vote 3 - CORPORATE SERVICES | | 55 187 | 60 559 | 79 629 | 28 632 | 28 632 | 28 632 | 28 400 | 28 933 | 27 459 |
| Vote 4 - COMMUNITY & SOCIAL SERVICES | | - | - | - | 37 873 | 38 173 | 38 173 | 44 749 | 44 787 | 43 455 |
| Vote 5 - PLANNING AND DEVELOPMENT | | - | - | - | 14 078 | 14 078 | 14 078 | 17 678 | 18 102 | 17 513 |
| Vote 6 - INFRASTRUCTURE | | - | - | - | 102 777 | 112 314 | 112 314 | 140 763 | 136 568 | 132 119 |
| Vote 7 - [NAME OF VOTE 7] | | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 152 763 | 170 965 | 210 338 | 304 968 | 315 008 | 315 008 | 374 568 | 387 750 | 400 800 |
| Surplus/(Deficit) for the year | 2 | 18 935 | 15 553 | 10 892 | (38 097) | (38 097) | (38 097) | (50 593) | (65 174) | (78 659) |

Explanatory Notes

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the NLM.

4.5.4 Table A4 : Budget financial performance (revenue and expenditure)

EC165 Hyanderi - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2014-15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|---------------------|---------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year 2016/17 | Budget Year 2017/18 |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 4 355 | 4 692 | 5 259 | 5 005 | 5 005 | 5 005 | 5 005 | 5 317 | 5 637 | 5 953 |
| Property rates - penalties & collection charges | | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | 159 | 168 | 178 | 200 | 200 | 200 | 200 | 212 | 225 | 238 |
| Service charges - other | | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 102 | 137 | 143 | 165 | 165 | 165 | 165 | 175 | 165 | 197 |
| Interest earned - external investments | | 2 652 | 2 850 | 4 743 | 6 600 | 6 600 | 6 000 | 6 000 | 6 300 | 6 918 | 6 655 |
| Interest earned - outstanding debtors | | - | - | - | - | - | - | - | - | - | - |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines | | 602 | 277 | 50 | 60 | 60 | 60 | 60 | 53 | 56 | 60 |
| Licences and permits | | 1 447 | 1 656 | 3 252 | 6 600 | 6 600 | 6 600 | 6 600 | 6 600 | 7 300 | 7 742 |
| Agency services | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - operational | | 122 826 | 131 018 | 157 676 | 173 592 | 183 230 | 183 230 | 183 230 | 245 817 | 243 878 | 235 628 |
| Other revenue | 2 | 1 058 | 5 928 | 1 451 | 16 125 | 20 433 | 20 433 | 20 433 | 1 432 | 1 641 | 1 732 |
| Gain on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (including capital transfers and contributions) | | 133 038 | 146 766 | 172 663 | 206 547 | 220 587 | 220 587 | 220 587 | 285 168 | 281 414 | 257 529 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 65 197 | 60 559 | 79 529 | 60 928 | 60 928 | 60 928 | 60 928 | 60 453 | 91 761 | 97 150 |
| Remuneration of councillors | | 12 333 | 15 062 | 15 933 | 16 174 | 16 174 | 16 174 | 16 174 | 17 144 | 19 173 | 19 283 |
| Debt repayment | 3 | - | 1 181 | - | 3 600 | 3 600 | 3 600 | 3 600 | 3 600 | 3 824 | 4 122 |
| Depreciation & asset impairment | 2 | 31 100 | 31 291 | 30 431 | 34 603 | 34 603 | 34 603 | 34 603 | 49 625 | 61 269 | 74 557 |
| Finance charges | | 100 | 281 | 143 | 105 | 105 | 105 | 105 | - | 110 | 124 |
| Grants | 2 | 7 153 | - | - | - | - | - | - | - | - | - |
| Other materials | 8 | 3 439 | 6 695 | 4 453 | 16 848 | 20 345 | 20 345 | 20 345 | 28 774 | 30 412 | 28 206 |
| Contracted services | | - | - | - | 391 | 391 | 391 | 391 | 410 | 434 | 458 |
| Transfers and grants | | - | - | - | 3 720 | 3 720 | 3 720 | 3 720 | 6 000 | 6 000 | 5 032 |
| Other expenditure | 4, 6 | 43 416 | 55 684 | 69 417 | 62 604 | 155 245 | 155 245 | 155 245 | 166 073 | 175 690 | 173 908 |
| Loss on disposal of PPE | | - | 282 | 10 324 | - | - | - | - | - | - | - |
| Total Expenditure | | 152 763 | 178 915 | 210 335 | 216 866 | 315 633 | 315 633 | 315 633 | 374 558 | 397 750 | 400 643 |
| Surplus/(Deficit) | | (19 725) | (32 149) | (37 672) | (12 319) | (94 046) | (94 046) | (94 046) | (89 390) | (116 336) | (143 114) |
| Transfers recognised - capital | | 39 660 | 39 753 | 48 566 | 60 324 | 60 324 | 60 324 | 60 324 | 68 809 | 61 182 | 64 612 |
| Contributions recognised - capital | | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 19 935 | 7 604 | 10 894 | 48 005 | (33 722) | (33 722) | (33 722) | (20 581) | (55 154) | (78 502) |
| Taxation | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 19 935 | 7 604 | 10 894 | 48 005 | (33 722) | (33 722) | (33 722) | (20 581) | (55 154) | (78 502) |
| Amortisation of intangibles | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 19 935 | 7 604 | 10 894 | 48 005 | (33 722) | (33 722) | (33 722) | (20 581) | (55 154) | (78 502) |
| Share of surplus/(deficit) of associates | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | | 19 935 | 7 604 | 10 894 | 48 005 | (33 722) | (33 722) | (33 722) | (20 581) | (55 154) | (78 502) |

Explanatory Notes:

Total revenue is R265,1 million in 2015/16 and escalates to R261,4 million by 2016/17 and decrease to R257,5 million in 2017/18.

4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

EC155 Nyandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Ref | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | 1 | | | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure, to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - BUDGET & TREASURY | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - CORPORATE SERVICES | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - PLANNING AND DEVELOPMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - INFRASTRUCTURE | | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - [NAME OF VOTE 7] | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | - | - | - | - | - | - | - | - | - | - |
| Single-year expenditure, to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION | | - | 515 | - | - | - | - | - | 1 300 | - | - |
| Vote 2 - BUDGET & TREASURY | | 556 | 531 | 2 431 | 3 600 | 3 600 | 3 600 | 3 600 | 500 | 550 | 559 |
| Vote 3 - CORPORATE SERVICES | | 1 083 | 1 501 | 2 739 | 7 655 | 7 655 | 7 655 | 7 655 | 4 356 | 1 442 | 1 523 |
| Vote 4 - COMMUNITY & SOCIAL SERVICES | | - | - | - | 685 | 685 | 685 | 685 | 3 641 | 461 | 263 |
| Vote 5 - PLANNING AND DEVELOPMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - INFRASTRUCTURE | | 36 506 | 12 241 | 60 439 | 73 922 | 54 922 | 54 922 | 54 922 | 72 424 | 71 257 | 69 198 |
| Vote 7 - [NAME OF VOTE 7] | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 38 545 | 14 769 | 65 660 | 86 102 | 67 102 | 67 102 | 67 102 | 82 221 | 73 699 | 71 543 |
| Total Capital Expenditure - Vote | | 38 545 | 14 769 | 65 660 | 86 102 | 67 102 | 67 102 | 67 102 | 82 221 | 73 699 | 71 543 |
| Capital Expenditure - Standard | | | | | | | | | | | |
| Governance and administration | | 2 039 | 2 548 | 4 937 | 11 495 | 11 495 | 11 495 | 11 495 | 6 158 | 1 972 | 2 082 |
| Executive and council | | - | 515 | - | - | - | - | - | 1 300 | - | - |
| Budget and treasury office | | 556 | 531 | 2 481 | 3 600 | 3 600 | 3 600 | 3 600 | 500 | 550 | 559 |
| Corporate services | | 1 083 | 1 501 | 2 456 | 7 655 | 7 655 | 7 655 | 7 655 | 4 356 | 1 442 | 1 523 |
| Community and public safety | | - | - | - | 468 | 685 | 685 | 685 | 1 106 | 212 | - |
| Community and social services | | - | - | - | - | 225 | 225 | 225 | 106 | - | - |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - |
| Public safety | | - | - | - | 460 | 450 | 460 | 460 | 1 000 | 212 | - |
| Rowing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 36 506 | 12 241 | 60 723 | 54 922 | 54 922 | 54 922 | 54 922 | 72 424 | 71 257 | 69 198 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - |
| Road transport | | 36 506 | 12 241 | 60 723 | 54 922 | 54 922 | 54 922 | 54 922 | 72 424 | 71 257 | 69 198 |
| Environmental protection | | - | - | - | 19 225 | - | - | - | 2 535 | 249 | 263 |
| Trading services | | - | - | - | 19 000 | - | - | - | - | - | - |
| Electricity | | - | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | 225 | - | - | - | 2 535 | 249 | 263 |
| Waste management | | - | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 3 | 38 545 | 14 769 | 65 660 | 86 102 | 67 102 | 67 102 | 67 102 | 82 221 | 73 699 | 71 543 |
| Funded by: | | | | | | | | | | | |
| National Government | | 38 545 | 14 769 | 65 660 | 56 324 | 56 324 | 56 324 | 56 324 | 55 869 | 56 075 | 61 381 |
| Provincial Government | | - | - | - | 4 000 | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | 25 778 | 10 778 | 10 778 | 10 778 | 26 353 | 15 615 | 10 161 |
| Transfers recognised - capital | 4 | 38 545 | 14 769 | 65 660 | 86 102 | 67 102 | 67 102 | 67 102 | 82 221 | 73 699 | 71 543 |
| Public contributions & donations | 5 | - | - | - | - | - | - | - | - | - | - |
| Borrowing | 6 | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Funding | 7 | 38 545 | 14 769 | 65 660 | 86 102 | 67 102 | 67 102 | 67 102 | 82 221 | 73 699 | 71 543 |

Explanatory Notes

When comparing the previous budget of R67,1 million, there is an increase of R15,1million which is 23%. In a total budget of R82,2 million for the budget year 2015/16, an amount of R56 million is allocated to the construction of the access roads. For the two outer years the there is a decrease of 10%, and 7.3% each year.

4.5.6 Table A6 : Budgeted financial position

EG165 Nyandeni - Table A6 Budgeted Financial Position

| EC165 Nyandeni - Table A6 Budgeted Financial Position | | | | | | | | | | | | |
|---|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | | Ref | 2010/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre audit outcome | Budget Year 2015/16 | Budget Year 14 2016/17 | Budget Year 12 2017/18 |
| R thousand | | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash | | | 9 437 | 13 631 | 26 691 | 13 631 | 13 631 | 13 631 | 13 631 | 25 691 | 25 691 | 25 691 |
| Call investment deposits | 1 | | 51 055 | 63 055 | 49 443 | 69 145 | 69 145 | 69 145 | 69 145 | 49 443 | 52 415 | 55 563 |
| Consumer debtors | 1 | | 625 | 1 669 | 3 329 | 6 451 | 6 431 | 6 431 | 6 431 | 9 651 | 5 777 | 1 616 |
| Other debtors | | | 10 970 | 1 839 | 3 923 | | | | | | | |
| Current portion of long term receivables | | | | | | | | | | | | |
| Inventory | 2 | | — | 120 | 159 | | | | | 153 | 159 | 159 |
| Total current assets | | | 72 087 | 80 245 | 82 922 | 79 307 | 79 307 | 79 307 | 79 307 | 85 281 | 81 313 | 83 348 |
| Non current assets | | | | | | | | | | | | |
| Long-term receivables | | | | | | | | | | | | |
| Investments | | | | | | | | | | | | |
| Investment property | | | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 |
| Investment in Associates | | | | | | | | | | | | |
| Property, plant and equipment | 3 | | 233 349 | 247 471 | 283 690 | 255 636 | 265 635 | 256 633 | 255 635 | 269 450 | 312 940 | 328 333 |
| Agricultural | | | | | | | | | | | | |
| Biological | | | | | | | | | | | | |
| Intangible | | | 378 | 429 | 424 | 809 | 809 | 809 | 809 | 2 617 | 2 665 | 2 815 |
| Other non-current assets | | | | | | | | | | | | |
| Total non current assets | | | 291 199 | 309 354 | 323 958 | 316 819 | 316 819 | 316 819 | 316 819 | 367 458 | 374 079 | 371 621 |
| TOTAL ASSETS | | | 363 285 | 391 598 | 406 909 | 396 126 | 396 126 | 396 126 | 396 126 | 447 711 | 450 422 | 455 013 |
| LIABILITIES | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | |
| Bank overdraft | 1 | | | | | | | | | | | |
| Borrowing | 4 | | 297 | — | — | — | — | — | — | — | — | — |
| Consumer deposits | | | 4 353 | 2 633 | 10 142 | | | | | | | |
| Trade and other payables | 4 | | 10 970 | 15 702 | 9 284 | 8 000 | 8 059 | 8 000 | 8 000 | 9 284 | 8 743 | 8 738 |
| Provisions | | | 2 333 | 1 662 | 1 522 | | | | | | | |
| Total current liabilities | | | 17 563 | 19 452 | 20 928 | 8 000 | 8 059 | 8 000 | 8 000 | 9 284 | 8 743 | 8 234 |
| Non current liabilities | | | | | | | | | | | | |
| Borrowing | | | 477 | 1 073 | 920 | 1 142 | 1 142 | 1 142 | 1 142 | 1 620 | 1 607 | 1 420 |
| Provisions | | | — | 2 699 | 2 694 | 225 | 225 | 225 | 225 | 235 | 249 | 263 |
| Total non current liabilities | | | 477 | 3 672 | 3 614 | 1 367 | 1 367 | 1 367 | 1 367 | 1 855 | 1 756 | 1 683 |
| TOTAL LIABILITIES | | | 18 040 | 23 124 | 24 542 | 9 366 | 9 366 | 9 366 | 9 366 | 11 120 | 10 592 | 9 922 |
| NET ASSETS | 5 | | 345 245 | 371 475 | 382 367 | 386 760 | 386 760 | 386 760 | 386 760 | 436 591 | 449 820 | 445 091 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | | |
| Accumulated Surplus/Deficit | | | 344 845 | 371 475 | 332 357 | 434 845 | 367 480 | 367 480 | 367 480 | 436 591 | 449 820 | 445 091 |
| Reserves | 4 | | — | — | — | 16 000 | 19 300 | 19 300 | 19 300 | — | — | — |
| Minority interests | | | | | | | | | | | | |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | | 344 845 | 371 475 | 332 367 | 419 845 | 386 760 | 386 760 | 386 760 | 436 591 | 449 820 | 445 091 |

Explanatory Notes:

Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

The municipality cashflow shows a positive position for 2015/16 where current assets reflect an amount of R85 million.

Short term call investments reflect an amount of R49,4 million in 2015/16. The total assets are budgeted at R447 million for 2015/16 budget year.

4.5.7 Table A7 : Budgeted cash flows

EC166 Nyandeni - Table A7 Budgeted Cash Flows

| EC166 Nyandeni - Table A7 Budgeted Cash Flows | | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | | | | |
|--|-----|-----------------|-----------------|-----------------|---|-----------------|--------------------|-------------------|---------------------|------------------------|------------------------|
| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2016/15 | | | | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | | | |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates, penalties & collection charges | | 4 355 | 4 692 | 5 259 | 5 005 | 5 605 | 5 005 | 5 005 | 5 317 | 5 637 | 5 550 |
| Service charges | | 159 | 168 | 178 | 209 | 200 | 200 | 200 | 212 | 225 | 238 |
| Other revenue | | 6 559 | 8 038 | 4 905 | 22 188 | 22 183 | 22 183 | 22 163 | 8 523 | 9 068 | 9 730 |
| Government - operating | 1 | 122 625 | 131 018 | 157 676 | 173 502 | 173 502 | 173 502 | 173 502 | 245 817 | 243 878 | 235 628 |
| Government - capital | 1 | 38 650 | 39 763 | 48 665 | 60 324 | 60 324 | 60 324 | 60 324 | 58 529 | 61 132 | 64 612 |
| Interest | | 2 551 | 2 850 | 4 743 | 5 000 | 5 600 | 5 000 | 5 000 | 5 300 | 5 618 | 5 555 |
| Dividends | | | | | | | | | - | - | - |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (119 697) | (125 720) | (173 185) | (180 654) | (180 654) | (180 654) | (180 654) | (235 543) | (242 769) | (245 442) |
| Finance charges | | (224) | (153) | (14) | (105) | (105) | (105) | (105) | (113) | (117) | (124) |
| Transfers and Grants | 1 | | | | | | | | (5 000) | (5 000) | (5 032) |
| NET CASH FROM (USED) OPERATING ACTIVITIES | | 55 399 | 69 618 | 48 659 | 85 459 | 85 459 | 85 459 | 85 459 | 82 221 | 73 650 | 71 543 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | 358 | | | | | | - | - | - |
| Decrease (increase) in non-current debtors | | | | | | | | | - | - | - |
| Decrease (increase) in non-current receivables | | 327 | | | | | | | - | - | - |
| Decrease (increase) in non-current investments | | (1 097) | | | | | | | - | - | - |
| Payments | | | | | | | | | | | |
| Capital assets | | (50 782) | (14 759) | (55 728) | (55 102) | (57 102) | (57 102) | (57 102) | (52 221) | (73 650) | (71 543) |
| NET CASH FROM (USED) INVESTING ACTIVITIES | | (51 542) | (14 401) | (55 728) | (55 102) | (57 102) | (57 102) | (57 102) | (52 221) | (73 650) | (71 543) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short-term loans | | | | | | | | | - | - | - |
| Borrowing long-term financing | | | 1 221 | (180) | | | | | - | - | - |
| Increase (decrease) in consumer deposits | | | 3 107 | 1 611 | | | | | - | - | - |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | 85 | | | | | | | - | - | - |
| NET CASH FROM (USED) FINANCING ACTIVITIES | | 85 | 4 329 | 1 431 | - | - | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 3 942 | 59 544 | (7 247) | (552) | 18 318 | 18 348 | 18 318 | 0 | (3) | 0 |
| Cash/cash equivalents at the year begin: | 2 | 5 495 | 32 133 | 82 697 | 13 681 | 13 681 | 13 681 | 13 681 | 75 440 | 75 440 | 75 440 |
| Cash/cash equivalents at the year end: | 2 | 9 437 | 82 697 | 75 418 | 13 029 | 32 029 | 32 029 | 32 029 | 75 440 | 75 440 | 75 440 |

Explanatory Notes

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

The cash flow of the municipality shows an increase for the 2015/16 MTERF. This is due to the increase in our operation and conditional grants.

4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

EG165 Nyandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2015/12 | 2016/13 | 2013/14 | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year 11 2016/17 | Budget Year 12 2017/18 |
| R thousand | | | | | | | | | | | |
| Cash and Investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 9 437 | 82 687 | 75 443 | 13 029 | 32 029 | 32 029 | 32 029 | 75 443 | 75 443 | 75 443 |
| Other current investments > 60 days | | 61 055 | | | 59 769 | 43 797 | 43 797 | 43 797 | (3) | 2 567 | 6 112 |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - |
| Cash and Investments available | | 69 492 | 82 687 | 75 443 | 72 826 | 72 826 | 72 826 | 72 826 | 75 443 | 78 407 | 81 552 |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | - | - | - | - | - | - | - | - | - | - |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Security requirements | 2 | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | 3 | (5 754) | 12 284 | 1 552 | 1 670 | 2 513 | 2 513 | 2 513 | (377) | 2 569 | 6 563 |
| Other provisions | | - | - | - | - | - | - | - | - | - | - |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments | | (5 754) | 12 284 | 1 552 | 1 670 | 2 513 | 2 513 | 2 513 | (377) | 2 569 | 6 563 |
| Surplus (shortfall) | | 66 216 | 70 423 | 73 478 | 71 156 | 70 313 | 70 313 | 70 313 | 75 817 | 75 438 | 74 989 |

Explanatory Notes.

The municipality have the reserves that are cash backed for 2015/16 MTERF. These reserves are fully funded by the short term call investments that are kept by the municipality in both the FNB Bankers and Standard Bank Bankers.

4.5.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

| EC 155 Nyandeni - Table A9 Asset Management | | | | | | | | | | |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|---------------------|
| Description | Ref | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year 2016/17 | Budget Year 2017/18 |
| R thousand | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| Total New Assets | 1 | - | - | - | 67 102 | 67 102 | 67 102 | 82 221 | 73 690 | 71 543 |
| Infrastructure - Road transport | | - | - | - | 54 422 | 54 422 | 54 422 | 53 857 | 60 914 | 67 110 |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | 225 | - | - | 235 | 249 | 263 |
| Infrastructure | | - | - | - | 54 647 | 54 422 | 54 422 | 59 092 | 61 164 | 67 373 |
| Community | | - | - | - | - | 225 | 225 | 200 | 212 | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | - | - | - | 11 555 | 11 555 | 11 555 | 20 412 | 9 649 | 1 355 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | 500 | 500 | 500 | 2 517 | 2 655 | 2 815 |
| Total Renewal of Existing Assets | | | | | | | | | | |
| Infrastructure - Road transport | 2 | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | - | - | - | - | - | - | - | - |
| Community | | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | - | - | - | - | - | - | - | - | - |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | | | | | | | | | | |
| Infrastructure - Road transport | 4 | - | - | - | 64 422 | 64 422 | 54 422 | 58 857 | 60 914 | 67 110 |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | 225 | - | - | 235 | 249 | 263 |
| Infrastructure | | - | - | - | 54 647 | 54 422 | 54 422 | 59 092 | 61 164 | 67 373 |
| Community | | - | - | - | - | 225 | 225 | 200 | 212 | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | - | - | - | 11 555 | 11 555 | 11 555 | 20 412 | 9 649 | 1 355 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | 500 | 500 | 500 | 2 517 | 2 655 | 2 815 |
| TOTAL CAPITAL EXPENDITURE - Asset class | | | | | | | | | | |
| | 2 | - | - | - | 67 102 | 67 102 | 67 102 | 82 221 | 73 690 | 71 543 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | | |
| Infrastructure - Road transport | 5 | 188 305 | 207 609 | 221 333 | 247 632 | 247 532 | 247 532 | 238 658 | 240 281 | 234 681 |
| Infrastructure - Electricity | | - | - | - | 19 000 | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | 235 | 249 | 263 |
| Infrastructure | | 168 305 | 207 609 | 221 333 | 266 532 | 247 532 | 247 532 | 236 691 | 240 510 | 235 144 |
| Community | | 4 052 | 2 693 | 2 539 | 4 052 | 4 052 | 4 052 | 2 739 | 2 551 | 2 361 |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 | 60 473 |
| Other assets | | 37 992 | 37 069 | 39 217 | 47 575 | 47 575 | 47 575 | 59 829 | 69 479 | 70 834 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | 376 | 439 | 424 | 809 | 539 | 509 | 2 517 | 2 655 | 2 815 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | | |
| | 5 | 231 150 | 308 354 | 323 668 | 378 482 | 368 482 | 368 482 | 362 450 | 375 079 | 371 627 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| Depreciation & asset impairment | | 31 100 | 31 291 | 30 481 | 34 558 | 34 558 | 34 558 | 45 925 | 51 283 | 74 557 |
| Repairs and Maintenance by Asset Class | | - | - | - | 16 246 | 20 346 | 20 346 | 28 774 | 30 472 | 26 208 |
| Infrastructure - Road transport | | - | - | - | 14 374 | 17 874 | 17 874 | 26 000 | 27 534 | 24 104 |
| Infrastructure - Electricity | | - | - | - | 500 | 500 | 500 | 522 | 553 | 584 |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | - | - | 14 874 | 18 374 | 18 374 | 26 522 | 28 037 | 24 687 |
| Community | | - | - | - | 162 | 162 | 162 | 170 | 190 | 190 |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6, 7 | - | - | - | 1 810 | 1 810 | 1 810 | 2 082 | 2 205 | 1 329 |
| TOTAL EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| | | 31 100 | 31 291 | 30 481 | 51 444 | 54 944 | 54 944 | 75 599 | 81 761 | 100 763 |
| Renewal of Existing Assets as % of total capex | | | | | | | | | | |
| | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Renewal of Existing Assets as % of disprecn | | | | | | | | | | |
| | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| R&M as a % of PPE | | | | | | | | | | |
| | | 0,0% | 0,0% | 0,0% | 6,6% | 8,0% | 8,0% | 9,6% | 9,7% | 6,5% |
| Renewal and R&M as a % of PPE | | | | | | | | | | |
| | | 0,0% | 0,0% | 0,0% | 4,0% | 6,0% | 6,0% | 8,0% | 8,0% | 7,0% |

Explanatory Notes

Table A9 provides an overview of municipal capital allocations to its assets and the renewal of existing assets, which is dominated by the construction of the access road as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Currently in the municipal budget 23% is allocated to capital expenditure and 8% is allocated to repairs and maintenance.

5.1 Background

Integrated Development Planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a product of the IDP process. The NLM IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in the municipality. Through Integrated Development Planning which necessitates the involvement of all relevant stakeholders, a municipality:

- Identifies its key development priorities;
- Formulates a clear vision, mission and values;
- Formulates appropriate strategies;
- Develops the appropriate organisational structure and systems to realise the vision and mission; and
- Aligns resources with the developmental priorities.

In terms of the Systems Act, all municipalities have to undertake an IDP process to produce IDPs. As the IDP is a legislative requirement it has a legal status and supersedes all other plans that guide development at local government level.

In a nutshell, the IDP process entails an assessment of the existing level of development and the identification of key development priorities. The vision and mission statements for the long-term development flow from the aforesaid, with specific reference to critical developmental and internal transformational needs. The development strategies and objectives will be directed at bridging the gap between the existing level of development and the vision and mission. A very critical phase of the IDP process is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects); because this will ensure that the IDP directs the development and implementation of projects.

Our responsibility as a sphere of government is to ensure that the quality of life of all who live and work in Nyandeni is improved. We will continue to engage in both progressive and meaningful discussions with our communities to shape a clear path from which governance and development will draw guidance and direction. The council will continue to pursue and encourage community participation programmes, to ensure that our plans are in line with community needs.

We have a responsibility to contribute to the process of transforming the lives of our people from the conditions of abject poverty and underdevelopment. In our fight against poverty and

underdevelopment, we are committed to ensuring that equitable service delivery becomes the norm in Nyandeni. For this reason NLM has to focus inter alia, on the following:

- Build sustainable communities by paying special attention to health education, service delivery, human settlements, environment and safety;
- Develop infrastructure to equalise services upgrade and ensure accessibility and unity in Nyandeni;
- Grow the economy to be linked with the national and provincial economies, empower the people of the region and build required skills; and
- Developing and implementing integrated plans and strategies for economic and social development; service delivery; infrastructure development; provision of basic services; human development; safety and security; participatory governance; youth development; women empowerment; building integrated and sustainable communities and protection of the environment.

DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN

Guiding Principles

The development of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 2013-2018 IDP as well as newly identified priorities; and
- The review of the IDP focused on formulating measurable performance indicator targets for five, three and one year. These targets informed the preparation of the multi-year budgets, as well as the draft SDBIP.

The deadlines in the process plan for the Development of the 2015/2016 IDP and preparation of the Multi-Year Budget for the 2015/16 year is reflected below

Schedule of key deadlines

| PHASE | ACTIVITIES | COORDINATING DEPARTMENT | TIMEFRAME | LEGISLATIVE FRAMEWORK |
|-------|--|--------------------------------|-------------------|-------------------------------|
| | Table IDP, PMS and Annual Budget Process Plan for 2015/16 to the Executive Committee adoption including the following documents ✓ Annual Financial Statements ✓ Performance Information report (MSA-s46) | Municipal Manager | 23 August 2014 | MFMA 21(1)(b) & 53 (1) (b) |
| | Tabling of IDP & Budget Process Plan, AFS & Performance information report to council for adoption | Mayor | 28 August 2014 | MFMA 21(1)(b) & 53 (1) (b) |
| | Annual Financial Statements and Performance Assessment Information Report submitted to Auditor General | Chief Financial Officer, MM | 29 August 2014 | MFMA 126 (1) (a) |
| | Advertise budget & IDP time schedule | SM: Operations | September | |

| PHASE | ACTIVITIES | COORDINATING DEPARTMENT | TIMEFRAME | LEGISLATIVE FRAMEWORK |
|-------|--|------------------------------|------------------------|------------------------------------|
| | | | 2014 | |
| | IDP Representative Forum | | 09 September 2014 | MSA s34 |
| | Open Council Meeting | | 23 September 2014 | MSA s18 |
| | Intergovernmental Engagements (IGR FORUM) | Mayor | 25 & 26 September 2014 | Constitution of RSA, s41 & MSA s24 |
| | Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments | IDP Manager, Senior Managers | October 2014 | |
| | IDP & Budget Steering Committee | Municipal Manager | 6 October 2014 | IDP Guide |

| PHASE | ACTIVITIES | COORDINATING DEPARTMENT | TIMEFRAME | LEGISLATIVE FRAMEWORK |
|-------|---|----------------------------|---------------------------|--------------------------------|
| | Table first quarter performance report including financial performance analysis report to Council | Mayor | 30 October 2014 | MFMA s52(d) |
| | Mayoral Imbizo's to give service delivery feedback and get community priority needs | | 10-14 November 2014 | MSA s34 & s16 |
| | Intergovernmental Relations Forum | Mayor, MM | 4-5 November 2014 | IGR Act |
| | Pre Strategic Planning Session (setting of institutional indicators aligned with national and provincial programmes, organizational structure , delegation framework and governance framework | MM & Mayor | 26-28 November 2014 | Constitution of RSA s153 |
| | Finalize Annual Report for 2013/2014 financial year | Municipal Manager | December 2014 | MFMA s121 |

| PHASE | ACTIVITIES | COORDINATING DEPARTMENT | TIMEFRAME | LEGISLATIVE FRAMEWORK |
|-------|---|---|-------------------------|--------------------------|
| | IDP Representative Forum | Mayor | 4 December 2014 | MSA s34 |
| | Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP | Municipal Manager & Senior Managers | 12-14 January 2015 | MFMA s72 (1) & 11 |
| | Convene Exco Workshop on Midyear report, adjustment budget and Revised SDBIP, followed by the Special Executive Committee Meeting | Mayor & MM | 19 & 20 January 2015 | MFMA s72 (1) & 11 |
| | Table Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting | Mayor & MM | 23 January 2015 | MFMA s72 (1) & 11 |
| | Mid-year budget and performance assessments visit by Provincial Treasury | CFO & MM | February 2015 | MFMA s72 (1) & 11 |
| | IDP Representative Forum | Mayor | 17 March | |

| PHASE | ACTIVITIES | COORDINATING DEPARTMENT | TIMEFRAME | LEGISLATIVE FRAMEWORK |
|------------------------|---|-------------------------|------------------|-----------------------|
| | | | 2015 | |
| | | | | |
| COUNCIL SITTING | Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee | Municipal Manager & CFO | 19 March 2015 | |
| | Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies | Mayor | 26 March 2015 | MFMA s16 (2) |
| | Adoption of the Oversight report | Speaker, MPAC | 26 March 2015 | MFMA s129(1) |
| | Intergovernmental Relations Forum | MM & Mayor | 31 March 2015 | IGR Act |
| | Conduct IDP & Budget Public Hearings | Mayor | 13-17 April 2015 | |
| | Table third quarter performance report including | Mayor | 30 April 2015 | MFMA s52(d) |

| PHASE | ACTIVITIES | COORDINATING DEPARTMENT | TIMEFRAME | LEGISLATIVE FRAMEWORK |
|-------|--|----------------------------|-------------|--------------------------|
| | financial performance analysis report to Council | | | |
| | IDP Representative Forum | Mayor | 05 May 2015 | |
| | Intergovernmental Relations Forum | Mayor | 12 May 2015 | |
| | Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council | Mayor | 28 May 2015 | MFMA s24 (1) |
| | Approval of the SDBIP by the Mayor | Municipal Manager | June 2015 | |
| | Table fourth quarter performance report including financial performance analysis report to Council | Municipal Manage | July 2015 | MFMA s52 (d) |

6 Alignment of Budget with Integrated Development Plan

The IDP, however, contains information on developmental needs submitted by the community that may not be covered in the Budget. There should not be an expectation that everything contained in the IDP is funded. There are numerous needs submitted that are not the responsibility of the NLM, but that of either the National or Provincial governments. However, these inputs will be analysed and discussed stakeholders such as government departments, ward committees, CDW, NGO's and private sector to refine what can be implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document.

7 Budget Related Policies Overview and Amendments

Section 18 of the Municipal Finance Management Act (MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes. Furthermore, National Treasury Circular 42 stipulates that the Budget be managed in a full accrual manner reflecting a transparent budget and accounting system approach. The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved for public participation policies for main services provided by the municipality, which are attached as annexures to this document. Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (Chapter 4, 17 (1) (a) and (3) (b)).

The policies to be attached are as follows:

- ☐ Supply Chain Management Policy
- ☐ Fleet Management Policy
- ☐ Cash Management & Investment Policy
- ☐ Property Rates Policy
- ☐ Tariff Policy
- ☐ Bad debts & Write Off Policy
- ☐ Credit Control and Debt Collection Policy
- ☐ Asset management Policy
- ☐ Budget Policy
- ☐ Bad Debt Write off policy
- ☐ Virement policy

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 74 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

| Fiscal Year | 2014 | | 2015 | 2016 | 2017 | 2018 |
|---------------|--------|--|----------|----------|------|------|
| | Actual | | Estimate | Forecast | | |
| CPI Inflation | 5.6 | | 6.2 | 5.8 | 5.5 | 5.3 |

8.2 The inflation rate to be used for calculating wage increases

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase bas The *Salary and Wage Collective Agreement* for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets.

8.3 Municipalities are advised to structure their 2015/16 electricity tariffs based on the **12.69 per cent** guideline and provide for a **14.24 per cent** increase in the cost of bulk purchases for the tabled 2015/16 budgets and MTREF. Any changes to these guidelines will be communicated to municipalities in a further Budget Circular for the 2015/16 financial year to be issued shortly after the tabling of the National Budget

8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Nyandeni's collection rate is set at an average of 38% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period.

9 Funding the Budget (including fiscal overview and sources of funding)

9.1 FUNDING OF THE CAPITAL BUDGET

The 2015/2016 capital budget amounts to R82 221 000, and for the two outer years its R73 690 000, and R71 543 000. It is predominantly funded through the MIG funding.

9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

- Assessment Rates;
- Tariffs levied for Services, i.e. Refuse Collection;
- Other income and
- Operating Grants and Subsidies.

Assessment Rates. The Municipal Property Rates Act will be implemented on July 1 2014. The assessment rates will be levied on both land and improvements value. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

Income derived from **services** is mainly used to fund the cost rendering the service (both operating and capital needs).

The total budget for the assessment rates is R5,3 million for the current year, and for two outer years is R5,6 million and 5,9 million.

The income received in the form of the Equitable Share Grant is R261,7 million and for the two outer years is R217,95 million and R212,5 million.

Other Grants and subsidies are as follows:

| Grant Name | Financial Year | Amount |
|------------|----------------|------------|
| FMG | 2015/16 | R1 600 000 |
| MSIG | 2015/16 | R 930 000 |
| EPWP | 2015/16 | R1 219 000 |

10 Annual budgets and service delivery and budget implementation plans

– Internal departments

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Monthly projections of –
 - (i) Revenue to be collected, by source, and
 - (ii) Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Honourable Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2015 to 30 June 2016 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The Draft SDBIP for the 2015/2016 financial year has been prepared for submission to Treasury.

11. Contracts having future budgetary implications

In terms of the NLM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

12. Legislation Compliance

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the NLM's website.

2. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements but there is still a need for improvement.

6. MFMA Training

The MFMA training is being implemented as there are staff members that have enrolled in the Municipal Finance Certificate Programme

13. Other Supporting Documents

EC155 Nyandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| EC/155 Nyandaroi - Supporting Table SA1: Supporting detail to Budgeted Financial Performance | | | | | | | | | | | | | | | | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|-----|---|-------|-------|-------|---|
| Description | Ref | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | | | | | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | | | | | | |
| R thousand | | | | | | | | | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | | | | | | | | | |
| <u>Property rates</u> | 6 | | | | | | | | | | | | | | | | |
| Total Property Rates | | 6 669 | 5 781 | 6 168 | 5 970 | 970 | 5 | 970 | 5 | 970 | 5 | 970 | 5 | 6 328 | 6 708 | 7 110 | |
| less Revenue Foregone | | 2 313 | 1 089 | 908 | 965 | 965 | | 965 | | 965 | | 965 | | 1 011 | 1 071 | 1 131 | |
| Net Property Rates | | 4 | 4 | 5 | 5 | 005 | | 005 | 5 | 005 | 5 | 005 | 5 | 317 | 637 | 980 | 5 |
| | | 356 | 692 | 259 | | | | | | | | | | | | | |
| <u>Service charges - electricity revenue</u> | 6 | | | | | | | | | | | | | | | | |
| Total Service charges - electricity revenue | | | | | | | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | | | | | | | |
| Net Service charges - electricity revenue | | - | - | - | - | - | | - | - | - | - | - | - | - | - | - | - |
| <u>Service charges - water revenue</u> | 6 | | | | | | | | | | | | | | | | |
| Total Service charges - water revenue | | | | | | | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | | | | | | | |
| Net Service charges - water revenue | | - | - | - | - | - | | - | - | - | - | - | - | - | - | - | - |
| <u>Service charges - sanitation revenue</u> | | | | | | | | | | | | | | | | | |
| Total Service charges - sanitation revenue | | | | | | | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | | | | | | | |
| Net Service charges - sanitation revenue | | - | - | - | - | - | | - | - | - | - | - | - | - | - | - | - |
| <u>Service charges - refuse revenue</u> | 6 | | | | | | | | | | | | | | | | |
| Total refuse removal revenue | | 159 | 168 | 178 | 200 | 200 | | 200 | 200 | 200 | | 200 | | 212 | 225 | 239 | |
| Total landfill revenue | | | | | | | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | | | | | | | |
| Net Service charges - refuse revenue | | - | - | - | - | - | | - | - | - | - | - | - | - | - | - | - |

| Other Revenue by source | | | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | 159 | 168 | 178 | 200 | 200 | 200 | 200 | 200 | 212 | 225 | 238 |
| Insurance claim | 1 | 196 | - | | | | | | | | |
| Library fees | | 11 | 2 | 40 | 40 | 40 | 40 | 40 | 42 | 45 | 48 |
| Plan fees | 4 | 19 | 13 | 25 | 25 | 19 | 19 | 19 | 27 | 28 | 30 |
| Other income | 474 | 89 | 132 | 100 | 413 | 413 | 413 | 413 | 95 | 101 | 107 |
| Tender sales | 228 | 222 | 404 | 250 | 250 | 250 | 250 | 250 | 265 | 281 | 298 |
| Training-LGSETA | 95 | 331 | 398 | 500 | 500 | 500 | 500 | 500 | 750 | 850 | 000 |
| Vending & Hawking fees | 15 | 56 | 7 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 12 |
| Auction Sale | 0 | - | 57 | - | - | - | - | - | - | - | - |
| Fees earned | | 45 | 44 | - | - | - | - | - | - | - | - |
| Commissions received | 87 | 116 | 140 | 200 | 200 | 200 | 200 | 200 | 212 | 225 | 238 |
| Recoveries 1 | | 670 | - | - | - | - | - | - | - | - | - |
| Fair value gain on short term investments | 3 | 191 | 254 | - | - | - | - | - | - | - | - |
| Total 'Other' Revenue | 1 | 096 | 451 | 125 | 438 | 438 | 438 | 438 | 402 | 541 | 732 |
| EXPENDITURE ITEMS: | | | | | | | | | | | |
| Employees related costs | | | | | | | | | | | |
| Basic Salaries and Wages | 2 | 348 | 605 | 48 | 36 | 677 | 33 | 63 | 59 | 252 | 252 |
| Pension and UIF Contributions | | 858 | 776 | 4 | 3 | 376 | 9 | 8 | 8 | 883 | 883 |
| Medical Aid Contributions | | 351 | 864 | 7 | 6 | 900 | 2 | 6 | 6 | 893 | 893 |
| Overtime | | 843 | 804 | 4 | 3 | 401 | 2 | 7 | 64 | 60 | 64 |
| Performance Bonus | | | - | 5 | 5 | - | 4 | 6 | 6 | 632 | 020 |
| Motor Vehicle Allowance | | 763 | 972 | 5 | 5 | 890 | 4 | 2 | 2 | 593 | 744 |
| Cellphone Allowance | | | - | 3 | 2 | - | 1 | - | - | - | - |
| Housing Allowances | | 176 | - | 2 | 2 | - | 1 | 2 | 2 | - | 2 |

| | | | | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|----|-----|----|-----|----|-----|-----|-----|----|
| Other benefits and allowances | 684 | 2 | 207 | 116 | 407 | 4 | 407 | 4 | 407 | 4 | 572 | 730 | 889 | 4 |
| | 163 | | 395 | 613 | 152 | | 152 | | 152 | | 436 | 709 | 984 | |
| | | | 167 | 251 | | | | | | | - | - | - | |
| | | | 545 | 529 | 350 | | 350 | | 350 | | 374 | 397 | 420 | |
| Post-retirement benefit obligations | 4 | | | | | | | | | | - | - | - | |
| Less: Employees costs capitalised to PPE | 5 | 55 | 559 | 529 | 79 | 80 | 928 | 80 | 928 | 80 | 463 | 781 | 150 | 97 |
| Total Employee related costs | 1 | 187 | 559 | 529 | 79 | 80 | 928 | 80 | 928 | 80 | 463 | 781 | 150 | 97 |
| Contributions recognised - capital | | | | | | | | | | | | | | |
| List contributions by contract | | | | | | | | | | | | | | |
| Total Contributions recognised - capital | 10 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation & asset impairment | | | | | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | | 912 | 291 | 481 | 598 | 34 | 598 | 34 | 598 | 34 | 925 | 289 | 557 | 74 |
| Lease amortisation | | | | | | | | | | | | | | |
| Capital asset impairment | | 188 | | | | | | | | | | | | |
| Depreciation resulting from revaluation of PPE | | | | | | | | | | | | | | |
| Total Depreciation & asset impairment | 1 | 100 | 291 | 481 | 598 | 34 | 598 | 34 | 598 | 34 | 925 | 289 | 557 | 74 |
| Bulk purchases | | | | | | | | | | | | | | |
| Electricity Bulk Purchases | | 158 | | | | | | | | | | | | |
| Water Bulk Purchases | | | | | | | | | | | | | | |
| Total bulk purchases | 1 | 158 | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and grants | | | | | | | | | | | | | | |
| Cash transfers and grants | | - | - | - | 720 | 3 | 720 | 3 | 720 | 3 | 000 | 500 | 032 | 2 |

